

Schena, Cristeen

From: Melcher, John
Sent: Friday, January 23, 2015 12:39 PM
To: George.Hicks@ct.gov; Pappano, Stacy
Cc: Wagner, Michael
Subject: enforcement actions effecting bonding ability

Categories: Record Saved - Shared

Hi George and Stacy,

One of the surprises (at least for me) that came up during our meeting with GNHWPCA in December was their statement that an enforcement action would impair their ability to borrow (i.e., they would pay higher interest on their bonds). I just went to a presentation a company put on regarding public-private partnerships and, after the presentation, I took their financial guy aside and asked him what GNHWPCA could be referring to. He said that an enforcement action would not affect bonds needed to pay for the injunctive relief required by an enforcement action. However, if an entity needed to borrow money for purposes not related to an enforcement action, the lender would see these other obligations (from the enforcement action) and could raise rates. I suppose if GNHWPCA will be under enforcement actions to address both CSOs and SSOs, then they can borrow as necessary to pay for injunctive relief. In my mind, these enforcement actions would encompass most if not all of their capital expenditures, so the enforcement actions should not be a hindrance to borrowing.

I'm interested to hear your thoughts.

Jack